

**SCHOOL AID: EVERYTHING AND THE KITCHEN SINK**  
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On March 19, 1999, the Executive Recommendation for State School Aid supplemental appropriations for fiscal year (FY) 1998-99 and FY 1999-2000 was presented. This article discusses some of the more significant policy changes proposed in the Governor's legislation. At the present time, the bill is under discussion in the House of Representatives. It is anticipated that the Senate will receive the bill and begin consideration in mid-May.

**Alternatives to "Traditional" Schooling**

Two of the biggest changes called for in the FY 1999-2000 Executive Recommendation are the removal of the intermediate school district (ISD) boundary for schools of choice programs and the authorization for local school districts to operate "satellite schools".

**Background: Schools of Choice and Satellite Schools**

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Michigan has strived to become one of the country's premier states in providing its public school parents with a variety of alternatives as to how they choose to educate their children. Along with the implementation of public school academies (more commonly known as charter schools), Michigan is now in its third year of operating a schools of choice program within its public school system. The program began with the 1996-97 school year when, for the first time, students were allowed to attend a school outside of their own resident school district without the approval of their resident school district. Table 1 illustrates the growth in the participation rates of schools providing a choice program and the number of pupils participating in a choice program. The rate of participation in the schools of choice program has nearly doubled since the first year (1996-97), with almost 15,000 students participating in a choice program statewide in the 1998-99 school year.

<b>Table 1 Growth in Participation Rates in Schools of Choice Programs</b>		
<b>School Year</b>	<b># of School Districts Providing a Choice Program</b>	<b># of Pupils Participating in a Choice Program</b>
1996-97	205	7,836
1997-98	244	10,576
1998-99	251	14,718

Michigan's schools of choice program currently limits pupils to attending only districts located within the same resident ISD. A school district may accept pupils, and receive funding for those pupils, from any other school district within its ISD provided the enrolling district adheres to certain guidelines. A district choosing to participate in the schools of choice program must:

- By June 15 of each year, publish the grades, schools, and any special programs for which the district will accept applications from nonresident pupils;
- Until July 1 of each year, accept applications from nonresident students from within the same ISD;
- By July 15 of each year, decide which nonresident applicants will be allowed to enroll and notify the parents or legal guardians of all applicants as to whether they have been selected to enroll. The district also must notify the applicants of the date by which they must enroll along with the procedures for enrollment.

A district may limit the number of nonresident students it will accept each year and if the number of applicants exceeds that limit, the district must use a random draw selection process. A nonresident student may not be

granted or refused enrollment based on intellectual, academic, artistic, or other ability, talent, or accomplishment, or lack thereof. In other words, the choice district must maintain an “open” application and enrollment process.

### **Proposed Changes**

The Executive proposal recommends removing the limitation of choice programs that currently restricts schools of choice participation to pupils within ISD boundaries. This change would allow a choice program to accept students from any other school district in the State, regardless of whether the pupil's school district was within the same ISD as the choice district. To address concerns about the cost of educating special education pupils, the Governor also proposes that special education pupils participating in a schools of choice program be counted in the **resident** intermediate school district's membership. The educating choice district would then be allowed to charge back to the resident ISD all of the allowable costs associated with educating a special education pupil.

The Governor proposes to build on the schools of choice concept by authorizing local school districts to operate satellite schools outside the boundaries of their own district. Essentially, a local school district could operate a branch school (satellite) within any other school district across the State. The satellite school could offer any combination of grades or operate specialized programs. However, a satellite school would be required to adhere to the same guidelines (outlined above) as a schools of choice program. Pupils enrolled in a satellite school would be counted in membership in the authorizing district (the district operating the satellite school). Foundation allowances would be paid to the authorizing school district in the same manner as public school academies such that the foundation allowance paid to the satellite school's district would be equal to the foundation allowance of the district in which the satellite school was located, or the basic foundation allowance<sup>1)</sup> plus \$500, whichever was less.

The FY 1998-99 Executive Supplemental Recommendation also includes a provision to extend the period of enrollment into a schools of choice program. Currently, Michigan public schools participating in a schools of choice program allow nonresident students to enroll only at the beginning of the school year. The recommendation proposes to give schools of choice programs the option of opening up their enrollment at the beginning of the second semester as well. This would allow choice programs to fill any unfilled slots in the middle of the year.

### **Pupil Accounting**

In the proposed supplemental, the Executive office has recommended three extensive policy changes affecting pupil memberships. The first proposed change would increase the number of pupil count days from two to eight. The second proposal would define a full-time equated (FTE) pupil as a pupil in attendance in all enrolled classes on the count day. The final major change would define a “day” of instruction as five hours, while keeping intact the days and hours requirements.

### **Background: Blended Memberships and Count Days**

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At the present time, pupils are physically “counted” twice a year, on the fourth Wednesday in September and on the second Wednesday in February. Pupil “membership” is defined as a blended count, meaning a weight of 60% is placed on the September count and a weight of 40% is placed on the **prior-year** February count. For example, if a district counted 1,000 FTEs in February 1998 (prior year) and 1,200 FTEs in September 1998 (current year), the district's membership would be calculated as  $(60\% \times 1,200) + (40\% \times 1,000) = 1,120$  FTEs.

This “60-40” method of blending pupil memberships rewards districts experiencing growth over time, while mitigating the negative impact of declining enrollment on districts with shrinking pupil counts.

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<sup>1)</sup> **Basic Foundation Allowance.** The basic foundation allowance is the allowance amount that is used to determine the annual increase each school district will receive for a given fiscal year. Any district with a foundation allowance less than the basic receives larger increases in its allowance than a district above the basic, according to a formula aimed at bringing “low-end” districts up to the basic foundation allowance. All districts with foundation allowances equal to or greater than the basic receive a flat dollar increase equal to the increase in the basic. The basic foundation allowance for FY 1998-99 is \$5,462 per pupil and increases by \$190 in FY 1999-2000 to \$5,652 per pupil.

### Proposed Changes

The Governor's proposal would increase the number of pupil counts to eight, once each month from September through April. The blending method would change as well, placing a 20% weight on the **prior-year** February count, and a 10% weight on each of the current-year counts occurring between September and April. In general, a district's membership throughout the year declines as pupils transfer out of the district or, at the secondary level, drop out or enroll in alternate education programs. If eight monthly counts were required, it is anticipated that statewide memberships would **decrease** slightly. Districts whose pupil counts did increase month-by-month would experience financial gains tied to the increased memberships. However, the increased paperwork and accounting, as well as possible losses in teacher instruction time, may counterbalance any gains. Also, districts would likely face increased costs associated with auditing four times as many counts as are currently mandated.

Table 2 details two actual contrasting districts in terms of enrollment, a growing suburban district versus a declining urban district. Column A illustrates each district's FY 1998-99 foundation allowance. Column B calculates the membership using current law. Column C calculates the membership using the proposed method. Column D calculates the financial gain/loss associated with a move to the proposed membership blend. Reviewing the table, it is apparent that growing districts would profit by a change in the method of blending memberships, while shrinking districts would be at a disadvantage.

### Background: FTE Definition

The second chief proposed policy change would define a full-time equated pupil. Until the 1997-98 school year, districts reported 1.0 FTE pupil if the student attended all classes on the count day. If a student was absent from one or more classes on the count day, but attended all enrolled classes within a 10-day period after the count day, the pupil was counted as 1.0 FTE. If the pupil missed one or more of his or her enrolled classes on the count day, and did not attend those classes during the 10-day period after the count day, then the pupil was counted as that fraction of an FTE corresponding to classes attended.

However, a year ago, a challenge was made to this policy by a referent group on pupil accounting and auditing. The group stated that this policy was not defined in law or in any pupil accounting manual, and that it required too much time spent on auditing and accounting to be beneficial. The group recommended the change to the current policy and the Superintendent of Public Instruction agreed. For the last year, a pupil has been counted as 1.0 FTE if in attendance in **any** of his or her enrolled classes on the count day, or within a 10-day period after the count day.

<b>Table 2</b> <b>School District Example: Current Law and Proposed Pupil Counts, FY 1998-99</b>				
	<u>Column A</u>	<u>Column B</u>	<u>Column C</u>	<u>Column D</u>
	Foundation Allowance	Current Law Membership "60-40"	Proposed Estimated <sup>1)</sup> Membership "80-20"	Potential Financial Gain (Loss)
Growing Suburban District	\$5,718	5,670	5,728	\$331,644
Declining Urban District	\$6,066	18,543	18,388	(\$940,230)
<sup>1)</sup> Since districts do not currently calculate memberships on a monthly basis, this column is calculated using a 20% weight on the prior-year February count, plus a 40% weight on the current-year September count, plus a 40% weight on the current-year February count.				

### Proposed Changes

The proposed supplemental specifies that a pupil would have to be in attendance in all classes in which he or she is enrolled in order to be counted as 1.0 FTE membership. To be counted as 1.0 FTE, a pupil would have to attend **all** enrolled classes within a 10-day period after the initial count. It is anticipated that memberships would

decrease statewide, but by what amount is unknown. Some districts have continued to follow the original pupil counting method, while others have counted pupils following the revised method. It is possible that with the enactment of this proposal some districts could be hurt financially, if they have been reporting as whole FTEs pupils who didn't actually attend all of their enrolled classes.

### **Background: Minimum Number of Days and Hours of Instruction**

Public Act 289 of 1995 (the Revised School Code) made significant changes to the required number of days and hours of pupil instruction. Prior to the revision to the school code, the minimum number of days of instruction was 180 with the minimum number of hours gradually increasing to 1,080 in the 1999-2000 school year and remaining there for each succeeding school year. The Revised School Code increased the required minimum number of days and hours as indicated in [Table 3](#).

The present schedule of the minimum number of days and hours of instruction has been followed each year through the current fiscal year (FY 1998-99). The Revised School Code does specify that there will not be an increase in the required minimum number of days or hours of pupil instruction for a school year in which the increase in the basic foundation allowance in the prior school year was below the rate of inflation as determined by the percentage change in the Consumer Price Index. Since there was no increase in the basic foundation allowance in the 1998-99 school year, there will not be an increase in the required minimum number of days and hours of pupil instruction for the 1999-2000 school year; therefore, the minimum number of days will remain at 182 while the minimum number of hours of instruction will remain unchanged at 1,047. The increase in the number of days and hours will then resume according to the above table in the 2000-01 school year because the increase in the basic foundation allowance for the 1999-2000 school year of \$190, or 3.5%, should be higher than the anticipated rate of inflation for 1999-2000. However, the increases in the minimum number of days and hours of pupil instruction will now be one year behind the schedule outlined in [Table 3](#); therefore, the minimum number of days and hours of instruction will be 183 days and 1,098 hours in the 2000-01 school year, 184 days and 1,104 hours in the 2001-02 school year, and so on until the required minimum of 190 days and 1,140 hours is reached.

<b>Table 3 Minimum Days and Hours of Instruction as Required by Public Act 289 of 1995</b>		
<b>School Year</b>	<b>Minimum # of Days of Instruction</b>	<b>Minimum # of Hours of Instruction</b>
1995-96	180	990
1996-97	180	990
1997-98	181	1,041
1998-99	182	1,047
1999-2000 <sup>a)</sup>	183	1,098
2000-01	184	1,104
2001-02	185	1,110
2002-03	186	1,116
2003-04	187	1,122
2004-05	188	1,128
2005-06	189	1,134
2006-07	190	1,140

a) Beginning with the 1999-2000 school year, the required number of days and hours will be one year behind this schedule due to the fact that there was no increase in the basic foundation allowance in 1998-99. Therefore, the minimum number of days and hours of instruction for 1999-2000 will be the same as that in 1998-99. The 2000-01 number will be at the 1999-2000 level, etc.

A school district must provide the required minimum number of days and hours of instruction or risk a financial penalty. The Revised School Code does provide, however, that the board of a school district may adopt a resolution to provide less than the minimum number of days of instruction without suffering the financial penalty. Even with a board resolution adopting a lower number of days of instruction than the required minimum, all school districts must provide no fewer than 180 days of instruction. There is no provision allowing a lesser amount of hours of instruction; therefore, districts must comply with the required minimum number of hours of pupil instruction or risk being penalized.

### **Proposed Changes**

The Executive Recommendation for FY 1999-2000 would define a "day" of instruction as a minimum of five hours, beginning in the FY 2000-01. A lower number of instructional hours would be counted as a fraction of a day. The Revised School Code also requires a minimum of four professional development days in FY 2000-01. Currently, if a school district educates pupils for a "half-day", then uses the remainder of the day for professional development, the school is able to count the day as a full day of instruction; hours of instruction, however, are and would continue to be counted based upon the actual number of instructional hours provided on that day. The Governor's proposed change to require a day to be defined as a minimum of five hours of instruction would require most school districts to schedule more days of instruction in order to meet both the required minimum number days of instruction as well as the four professional development days. Thus, the half-day that is currently used for professional development would have to be made up with an additional half-day of instruction.

### **Background: Extracurricular Activities**

Probably the most controversial of the proposed policy changes involves extracurricular activities and nonlocal district pupils. At present, local districts and public school academies are responsible for funding extracurricular activities such as sports, academic clubs, or theater out of their general fund budgets. Local school districts are funded by a combination of State and local revenue. Public school academies are funded entirely by State dollars.

### **Proposed Changes**

The Governor is proposing to allow nonlocal school district pupils access to extracurricular activities offered by the local district in which they reside. In other words, public school academy, private, and home-schooled pupils would be able to participate in noncurricular activities offered by the district of residence at no additional cost beyond any fees paid by district pupils (if they exist).

This proposed section would prohibit districts from interfering with or refusing a child's participation in the extracurricular activities based on where or how the student is educated. Again, however, the child would only be allowed to participate in activities offered by the student's district of residence on the same basis as students educated at that district. Students participating in such activities not enrolled in the district would not be counted in membership of the district.

The Executive office contends that parents paying infrastructure mills to their local school districts ought to be able to enroll their children in activities provided via that local revenue. Also, the Governor feels that allowing children other than those enrolled at the local district access to extracurricular activities, would avoid a duplication of expensive infrastructure needs. The opposing argument states that if a local district can fund activities out of its general operating budget, a public school academy or private school should as well.

### **Conclusion**

As outlined above, the Governor is proposing some significant policy changes for Michigan public schools. After only a few years of existence for schools of choice programs and public school academies, many feel it is still too early to tell if these programs really provide a better alternative to traditional public schools.

Proponents of such measures argue that the increasing enrollments in these programs are proof enough that Michigan parents do in fact want more alternatives for their children's education. Some claim that elimination of the current barriers to a more wide open choice program would give parents even better choices.

The fact remains that data on the success or failure of these programs are just starting to come in. It will be a few more years before there is concrete evidence one way or the other.